



Indiana Department of Environmental Management
Protecting Hoosiers and Our Environment Since 1986

Office of Land Quality



A State that Works

Financial Assurance Board Meeting

December 15, 2022



Office of Land Quality

IDEM Excess Liability Trust Fund
Fiscal Year 2023 Expenses as of November 15, 2022

Appropriation	\$ 37,260,610
Less Reserve	<u>1,422,434</u>
Total Available Budget	\$ 38,683,044
Expenses:	
Personal Services	\$ 1,421,389
Utilities	30,451
External Services	570,937
Supplies, Materials, Parts	448
Capital	-
Claim Payments	7,911,594
Administrative & Operating Expenses	<u>49,856</u>
Total Expenses	\$ 9,984,675
Budget Balance as of 11/15/2022	\$ 27,275,935
Administrative Cost % of Prior Year Revenues	8.83%

IDEM Excess Liability Trust Fund
Fiscal Year 2022 Revenue as of November 15, 2022

UST Fuel Inspection Fee	\$ 14,491,453
Underground Storage Tank Fees	<u>-</u>
Total Revenue as of 3/31/2022	\$ 14,491,453

IDEM Excess Liability Trust Fund
Fund Balance as of November 15, 2022

Ending Fund Balance	\$ 154,805,663
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Underground Petroleum Storage Tank Excess Liability Trust Fund
Fiscal Year 2023 Revenue and Payouts
As of 11/15/2022

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Revenue	\$3,597,472	\$2,853,192	\$3,797,011	\$4,064,156	\$ 179,622								\$ 14,491,453
Payouts	#####	\$ (354,405)	\$ (416,284)	\$ (719,560)	\$ (4,736,899)								\$ (7,911,594)
Revenue Over/(Under) Expenses	\$1,913,026	\$2,498,787	\$3,380,727	\$3,344,596	\$ (4,557,277)	\$ -	\$ 6,579,859						

Underground Petroleum Storage Tank Excess Liability Trust Fund
Fiscal Year 2022 Revenue and Payouts
As of 6/30/2022

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Revenue	\$3,900,701	\$4,007,232	\$3,907,378	\$3,723,423	\$ 4,037,673	\$3,852,667	\$3,720,702	\$ 3,380,503	\$ 3,178,749	\$3,817,856	\$ 3,812,055	\$4,050,834	\$ 45,389,773
Payouts	\$ (668,026)	\$ (993,247)	\$ (411,331)	\$ (439,977)	\$ (571,816)	\$ (894,878)	\$ (643,405)	\$ (3,671,251)	\$ (616,448)	\$ (692,157)	\$ (121,752)	\$ (528,748)	\$ (10,253,036)
Revenue Over/(Under) Expenses	\$3,232,675	\$3,013,985	\$3,496,047	\$3,283,446	\$ 3,465,857	\$2,957,789	\$3,077,297	\$ (290,748)	\$ 2,562,301	\$3,125,699	\$ 3,690,303	\$3,522,086	\$ 35,136,737

Underground Petroleum Storage Tank Excess Liability Trust Fund
Fiscal Year 2021 Revenue and Payouts
As of 6/30/2021

	July	August	September	October	November	December	January	February	March	April	May	June	Total
Revenue	\$3,499,851	\$3,604,503	\$3,560,747	\$3,689,656	\$ 3,791,756	\$3,631,617	\$3,635,109	\$ 3,432,850	\$ 3,194,165	\$3,728,478	\$ 3,529,065	\$4,244,266	\$ 43,542,063
Payouts	\$ (652,001)	\$ (249,704)	\$ (424,440)	\$ (807,512)	\$ (683,726)	\$ (295,777)	\$ (767,019)	\$ (1,147,772)	\$ (1,281,355)	\$ (401,374)	\$ (1,155,116)	\$ (372,979)	\$ (8,238,775)
Revenue Over/(Under) Expenses	\$2,847,850	\$3,354,799	\$3,136,307	\$2,882,144	\$ 3,108,030	\$3,335,840	\$2,868,090	\$ 2,285,078	\$ 1,912,810	\$3,327,104	\$ 2,373,949	\$3,871,287	\$ 35,303,288



Incidents Reported per Month*

Year	Month	Count of All Releases	Count of Confirmed Releases	Count of Suspected Releases
2022	July	8	8	0
2022	August	8	6	2
2022	September	13	7	6
2022	October	10	8	2
2022	November	6	4	2
Total		45	33	12

* November numbers were retrieved on 11/15/22.



ELTF Claims - Claims Received and Reviewed per Month*

Calendar Year	Month	Total Received	Total Amt Requested	Reviewed	Avg Review Time	Amt Reviewed	Amt Approved	Amt Reimbursed
2022	July	41	\$801,795	59	67.42	\$667,421	\$450,027	\$337,905
2022	August	55	\$824,796	57	64.28	\$775,393	\$615,715	\$565,589
2022	September	69	\$878,081	34	75.09	\$656,098	\$382,663	\$343,558
2022	October	51	\$554,596	60	76.18	\$851,524	\$588,432	\$499,043
2022	November	52	\$702,624	24	45.54	\$299,438	\$209,246	\$209,246
Total		268	\$3,761,892	234	67.56	\$3,249,874	\$2,246,083	\$1,955,341

* November numbers were retrieved on 11/15/22.



ELTF Audit Results

- Final draft report – October 2022
- Utilizes/analyzes ELTF data up to Dec. 21, 2021
- Actuarial forecasts through FY 2032
- Actuarial audit performed by Pinnacle Actuarial Resources with assistance from independent subcontractor
- Managerial audit performed by R&A Risk Professionals



ELTF Audit Results

- Est. Liability for Current sites - \$477M
- Est. Liability for Future sites - \$371.7M
- Projects revenue decrease over 10-yr. period
- Estimates reduction of future liability year on year through FY32



ELTF Audit Results

- Projects a *negative* “Equity Balance”
 - What is that? And what does it mean?
- Equity Balance vs. Actual Balance
 - 2021 negative EB vs. 2016 **Insolvency** projections
- Equity Balance decreases year on year
 - FY32 is \$40M less than FY22



ELTF Audit Results

- Managerial Findings
 - Claims staff detailed and accurate in reviews
 - Resubmittal claims common
 - Some variability for reimbursement of certain tasks between claims staff
 - Consistent use of RBCA standards since 2016
 - ERCs taken into consideration when establishing corrective action goals



ELTF Audit Results

- Managerial Findings (cont.)
 - Assignment of Rights greatly increases costs of corrective action
 - “Claim costs increased by **more than 400%** when the consultant was the claimant.”
 - Average CTC down to \$300k (still 4th highest)
 - Average costs for site investigation “***alone exceeds the average cost for all corrective action*** in surrounding states.”



ELTF Audit Results

- Recommendations
 - Require preapproval for all phases of work
 - Require competitive bidding
 - Utilize task-based costs instead of line-based (or T&M)
 - Eliminate or limit AORs
 - Reduce ELTF reimbursement cap